

Memorandum

Date: April 10, 2002

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To: Robert Pernell, Commissioner and Committee Presiding Member
Arthur H. Rosenfeld, Commissioner and Committee Associate Member

From: California Energy Commission - Kristy Chew
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Subject: **SMUD COSUMNES POWER PLANT PROJECT (01-AFC-19) - STATUS REPORT 1**

Staff prepared this report to inform the Committee of the progress of the case. A draft version of this status report was shared with the Sacramento Municipal Utility District (SMUD). Staff and SMUD agree on many, but not all, of the matters discussed in this report. SMUD and staff have agreed to the preliminary staff assessment (PSA) filing date listed below.

In staff's Issues Identification Report (December 12, 2001), staff identified a possible PSA publication date of April 12, 2002. However, both SMUD and staff agree that this date cannot be met due to the lack of information in several critical areas. SMUD has committed to providing a supplement addressing some of the information items by mid-April, although the remainder will not be provided until May, or in some cases, June. Notwithstanding the data deficiencies, SMUD has requested that staff publish a PSA by May 17, 2002. Staff has agreed to publish the PSA approximately 30 days after SMUD files its supplement, with the understanding that SMUD acknowledges that the PSA will be incomplete in a number of areas (see below).

SMUD has provided numerous data responses and a supplement to their AFC over the past several weeks. The AFC supplement (Supplement A, submitted on March 15, 2002) and some responses to data requests spurred the need for additional follow-up data requests that were issued on April 5, 2002. It is not likely that SMUD will be able to provide responses to the data requests in time for staff to consider and incorporate the information into the PSA.

The data deficiencies that staff feels will prevent the PSA from being complete are listed below. Any information provided by SMUD by mid-April will be considered by staff and incorporated in the PSA.

PROJECT DESCRIPTION

- Information adequate for an application for certification for all technical areas for the proposed natural gas compressor stations located in Elk Grove and near Winters.
- SMUD has informed staff that they are now considering an alternate project construction traffic route to the power plant site. Information adequate for an application for certification for all technical areas for the proposed alternate transportation route.
 - *Note - SMUD has agreed to provide this information by mid-April; if they are able to meet that date, the Project Description portion of the PSA will be complete.*

AIR QUALITY

- A complete air emission offsets package or secured offset agreements.
- A Preliminary Determination of Compliance (PDOC) from the Sacramento Metropolitan Air Quality Management District (SMAQMD). SMAQMD informed staff that the PDOC will not likely be issued until May or June 2002, because SMAQMD is waiting for a guidance paper from USEPA regarding cessation of agricultural burn credits/appropriate ratios.

CULTURAL RESOURCES

- Testing results for prehistoric and historic resources.
 - *Note – SMUD has submitted a mitigation plan and is working with Energy Commission staff to prepare an appropriate presence/absence testing plan for a few culturally sensitive areas. Once the presence/absence testing plan is approved by staff and the Miwok tribe representatives, testing will begin. Completion of the work is expected by mid- to late-May, but would not be in time for incorporation into the PSA. The purpose of the presence/absence testing is to determine if further mitigation measures are necessary.*

NOISE

- Noise modeling analysis for the results provided in Supplement A.
 - *Note - SMUD has agreed to provide the modeling analysis (for the project site and natural gas compressor stations by mid-April; if they are able to meet that date, the Noise PSA will be complete.*

PUBLIC HEALTH

- A Phase 1 Environmental Site Assessment (ESA) for the project site, related facilities, and linears. An ESA was submitted in March 2002 for the 30-acre plant site, 20-acre laydown area, electric transmission towers, and water line. The submitted ESA failed to provide information regarding the decommissioning/closure of the Rancho Seco Plant, nor did it make conclusions or recommendations for additional site investigation. Additionally, the Department of Toxic Substances Control has requested an ESA be conducted for the proposed 26-mile natural gas pipeline (letter dated February 5, 2002).
- Sampling and analysis of the site and laydown area for hazardous waste and radioactive waste.

TRANSMISSION SYSTEM ENGINEERING

- Additional sensitivity studies. These are needed because the Rio Linda, Colusa, and Roseville power plant projects are uncertain. Staff is developing an acceptable base-case for SMUD to use in the analysis.
- Fault Current and Stability studies. These were not provided in the original studies. There are several reliability criteria violations (overloads on PG&E lines and Western Area Power Authority lines) and it is not clear yet what measures the applicant will select to mitigate these impacts.

BIOLOGICAL RESOURCES

- Complete special-status species surveys (including rare-plant surveys) and proposed mitigation
 - *Note - SMUD will provide partial California tiger salamander and burrowing owl surveys by mid-April; however, spring surveys for burrowing owl and California tiger salamander will not be complete until May 31. It is uncertain as to when rare-plant surveys will be submitted as the appropriate survey times depend on weather conditions.*
- Complete wetland delineations for the power plant and related facilities, construction laydown areas, and related linears, including areas within 250 feet of said areas.
 - *Note - Wetland delineation data within 250 feet of the gas pipeline were submitted March 29 (Data Response, Set 1H) on non-orthographically corrected aerial photos (corrected aerial photos is not expected to be completed until late May).*

- Biological Assessment accepted by the U.S. Fish and Wildlife Service and National Marine Fisheries Service.
 - *Note - A draft Biological Assessment will be submitted to USFWS and NMFS by mid-April and revised once the biological studies have been completed.*

WATER & SOIL RESOURCES

- National Pollution Discharge Elimination System permit application accepted as complete by the Regional Water Quality Control Board. Staff is arranging a meeting with Central Valley Regional Water Quality Control Board for further clarification of discharge permit limits.
- Impacts of cooling and stormwater discharge to receiving waters cannot be verified because the physical characteristics of the receiving waters or the proposed backup water supply were not provided.
- Grading, erosion control, stormwater pollution prevention, and stormwater management plans that reflect the revised project site, laydown areas and gas pipeline route.
- Analysis of the increased risk of flooding to the plant site and the surrounding area as a result of encroachment by the proposed project into the 100-year floodplain and the potential for contamination of the adjacent creeks.

There may be impacts to biological and water resources as a result of this project (as proposed) using 8,000-9,000 acre-feet of water per year from the Folsom-South Canal. Therefore, staff will be analyzing alternate cooling and water conservation technologies, such as dry-cooling, reclaimed water, zero-liquid discharge, and Rancho Seco Plant discharge water in the staff assessment.

In addition, we wish to bring to the Committee's attention that the Sacramento Metropolitan Air Quality Management District (SMAQMD) has indicated that it can only issue a Final Determination of Compliance for the first 500 MW phase of the project. Therefore, it will not be possible to license the entire 1,000 MW project at one time; rather, the Commission will need to issue a license for each of the 500 MW phases. However, staff and SMUD believe that only the air quality and transmission system engineering analyses are likely to be affected. Staff plans to complete its analysis in all other technical areas for the entire project during its review for the initial license. Staff and SMUD are working on a stipulation that will define this process. We anticipate being able to submit this stipulation to

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the Committee for its consideration at the same time that the PSA is published.

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